

Message Text

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TO AMEMBASSY BUENOS AIRES NIACT IMMEDIATE

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E.O. 11652: N/A

TAGS: ETRD, AR

SUBJECT: CUBA DENIAL POLICY

FOLLOWING IS GUIDANCE GIVEN DEPARTMENT SPOKESMAN FOR NOON
BRIEFING APRIL 19.

Q.: DOES THE ANNOUNCEMENT THAT SUBSIDIARIES OF U.S.
COMPANIES IN ARGENTINA CAN EXPORT TO CUBA MEAN A CHANGE
IN POLICY?

A.: NO. CERTAIN U.S. COMPANIES APPLIED FOR LICENSES FOR
THEIR SUBSIDIARIES IN ARGENTINA TO EXPORT SPECIFIC ITEMS
TO CUBA. THESE SPECIFIC APPLICATIONS WILL BE GRANTED IN
ACCORDANCE WITH THE REGULATIONS. THE REGULATIONS PUB-
LISHED MORE THAN TEN YEARS AGO (JULY 8, 1963 - 31 CFR 515.
801(B)) HAVE ALWAYS PROVIDED FOR ISSUANCE OF LICENSES IN
EXCEPTIONAL CASES, AND A FEW HAVE BEEN ISSUED IN THE PAST,
ALTHOUGH NONE IN AN OAS COUNTRY. IN THIS INSTANCE, THE
GOVERNMENT OF ARGENTINA AS A MATTER OF NATIONAL POLICY
DECIDED THAT THE US SUBSIDIARIES IN QUESTION SHOULD SHIP
TO CUBA. THE DECISION TO ISSUE THE LICENSES WAS MADE IN
ORDER TO ALLOW THE PARENT COMPANIES AND THEIR SUBSIDIARIES
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TO COMPLY WITH THAT POLICY AND TO AVOID CONFLICT WITH A

FRIEND AND HEMISPHERIC NEIGHBOR. IT DOES NOT SIGNIFY ANY CHANGE IN OUR POLICY OF ECONOMIC DENIAL TOWARD CUBA--A

POLICY IN CONSONANCE WITH THE COLLECTIVE DECISION OF THE OAS. WE CONTINUE TO MAINTAIN THE EXISTING REGULATIONS CONCERNING CUBAN ASSETS CONTROLS, WHICH COVER TRANSACTIONS OF THIS KIND.

Q.: HOW DOES THE U.S. JUSTIFY THIS VIOLATION OF THE OAS SANCTIONS AGAINST CUBA?

A.: THERE HAS BEEN NO CHANGE IN U.S. POLICY OR IN THE APPLICATION OF THE ECONOMIC DENIAL PROGRAM. I CAN ONLY REPEAT THAT THE DECISION TO ISSUE THESE LICENSES WAS TAKEN IN RESPONSE TO THE POLICY OF THE GOVERNMENT OF ARGENTINA WITH RESPECT TO U.S. SUBSIDIARIES OPERATING IN THAT COUNTRY.

Q.: WHAT WOULD HAVE HAPPENED TO THE SUBSIDIARIES IF THE LICENSES HAD NOT BEEN ISSUED?

A.: THE SUBSIDIARIES ARE, OF COURSE, SUBJECT TO ARGENTINE LAWS AND REGULATIONS. BEYOND THAT I DO NOT WANT TO SPECULATE ON WHAT MIGHT HAVE HAPPENED.

Q.: DOES THE APPROVAL OF THE ARGENTINE LICENSES MEAN THAT THE U.S. WILL AUTHORIZE THE EXPORT OF AMERICAN MADE COMPONENTS FOR THE ITEMS TO BE EXPORTED FROM ARGENTINA TO CUBA?

A.: NO. THERE HAS BEEN NO CHANGE IN OUR POLICY WITH RESPECT TO CUBA OR OUR OWN ECONOMIC DENIAL POLICY.

Q.: DOES THE ARGENTINA APPROVAL MEAN THAT THE STUDEBAKER-WORTHINGTON APPLICATION FOR SHIPMENT OF LOCOMOTIVES FROM CANADA TO CUBA WILL NOT BE APPROVED?

A.: IT IS MY UNDERSTANDING THAT NO ACTION HAS BEEN TAKEN ON THAT APPLICATION.

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Q.: WHAT ABOUT FUTURE REQUESTS FOR APPROVAL OF LICENSES FOR EXPORT TO CUBA BY SUBSIDIARIES OF AMERICAN COMPANIES IN OTHER COUNTRIES IN LATIN AMERICA? WILL THESE NOW BE APPROVED?

A.: AS I SAID BEFORE THERE HAS BEEN NO CHANGE WHATSOEVER IN OUR POLICY TOWARD CUBA. ANY FUTURE APPLICATIONS INVOLVING U.S. SUBSIDIARIES IN LATIN AMERICA OR ELSEWHERE

WILL BE CONSIDERED ON A CASE BY CASE BASIS, ON THEIR MERITS.

BACKGROUND

THERE HAVE BEEN A FEW LICENSES OF THIS TYPE ISSUED IN THE PAST 11 YEARS, MOST OF THEM IN CANADA FOR HUMANITARIAN-TYPE ITEMS. THE TRANSACTIONS INVOLVED WERE ALL SMALL. NONE INVOLVED SALES OF THE MAGNITUDE OF THE PRESENT CASES. THE APPLICATIONS IN THIS CASE INCLUDE THE SHIPMENTS OF AUTOMOTIVE EQUIPMENT BY THE ARGENTINE SUBSIDIARIES OF THE BIG THREE U.S. AUTOMOBILE MANUFACTURERS TO A TOTAL AMOUNT OF APPROXIMATELY DOLS 75 MILLION. ARGENTINA HAS PROVIDED CUBA WITH DOLS 200 MILLION IN CREDIT THIS YEAR (OF A 6-YEAR CREDIT TOTALLING DOLS 1.2 BILLION), PART OF WHICH WILL BE APPLIED TO THESE TRANSACTIONS. RUSH

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